

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 03132 212156Z
ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 NSC-05 AGRE-00 EB-04 SP-02
L-01 INR-05 CIAE-00 NSAE-00 TRSE-00 OMB-01 ARA-10
/051 W

-----014606 220416Z /11

R 212145Z JUN 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 7816
INFO AMEMBASSY LONDON
USINT HAVANA

C O N F I D E N T I A L OTTAWA 03132

LIMDIS

PASS USDA FOR SAYLOR AND MCCONNELL/FAS

E.O. 11652: GDS
TAGS: EAGR, ETRD, CA
SUBJECT: SUGAR DRAWBACK SYSTEM

REF: STATE 6669

1. DRAWBACK AUTHORITY: DUTY DRAWBACK ON SUGAR EXPORTS IS
GOVERNED BY REGULATIONS GROWING OUT OF TWO ORDERS IN
COUNCIL, P.C. 1961 - 28/1156 OF AUGUST 16, 1961 AND P.C.
1976 - 2487 OF OCTOBER 13, 1976.

2. TO QUALIFY FOR DUTY DRAWBACK, WHICH IN CASE OF SUGAR
IS 100 PERCENT, EXPORTER MUST DOCUMENT THAT SUGAR TO BE
EXPORTED, IN REFINED OR PRODUCT FORM, WAS PROCESSED IN
PLANT APPLYING FOR DRAWBACK FROM IMPORTED RAW SUGAR OF
BRITISH PREFERENCE (BP) ORIGIN. SECONDARY MANUFACTURERS
EXPORTING PRODUCTS CONTAINING SUGAR MUST OBTAIN SAME
DOCUMENTATION FROM REFINER TO BE ELIGIBLE FOR DRAWBACK.
MAXIMUM AMOUNT ELIGIBLE FOR DRAWBACK IS DETERMINED BY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 03132 212156Z

AMOUNT OF MFN RAW SUGAR IMPORTED IN PAST THREE YEARS.
REVENUE/CANADA MAINTAINS 12 REGIONAL DRAWBACK INSPECTION
OFFICES.

3. IN DISCUSSING OPERATION OF DRAWBACK SYSTEM, AGATT
POSED SEVERAL HYPOTHETICAL CASES WHERE IN DRAWBACK MIGHT
BE CLAIMED ON REFINED SUGAR (OR PRODUCT) WHICH HAD BEEN

PROCESSED FROM MFN (I.E., CUBAN) RAW SUGAR. REPEATEDLY THE ANSWER WAS THE SAME. NO SUCH DRAWBACK REQUESTS ARE MADE BY EXPORTERS, AND, IN THE EVENT SUCH A REQUEST WAS MADE, IT WOULD BE DENIED. FURTHERMORE, THERE IS NO INCENTIVE FOR AN EXPORTER TO CLAIM DRAWBACK FOR EXPORTS OF MFN ORIGIN SUGAR WHEN HE CAN CLAIM IT FOR EXPORTS OF BP ORIGIN SUGAR ON WHICH NO DUTY WAS COLLECTED. (WE DID NOT PURSUE POSSIBLE SUBSIDY IMPLICATION OF SUCH AN UNEARNED REBATE.)

4. TRADE IN SUGAR - BASED ON TRADE OF CANADA FOR 75/77 COVERING THREE YEARS SINCE EXPIRATION OF U.S. SUGAR ACT: CANADIAN IMPORTS OF RAW CANE SUGAR 1975/77 AVERAGED 954,057 MTN, OF WHICH 81.5 PERCENT FROM BP ORIGINS AND 18.5 PERCENT FROM MFN SOURCES. INCLUDING 127,523 MT FROM CUBA (13.4 PERCENT OF TOTAL). CANADIAN EXPORTS OF REFINED SUGAR 1975/77 AVERAGED 87,325 MT OF WHICH 62 PERCENT TO USA.

5. IN CATEGORY 101.99 MOLASSES, SYRUPS, AND SUGAR N.E.S., TOTAL EXPORTS AVERAGED 18,635 MT OF WHICH 95.5 PERCENT TO USA. IN CATEGORY 101.99 SUGAR PREP. AND CONFECTIONARY N.E.S., EXPORTS AVERAGED 2,264 MT OF WHICH 88.2 PERCENT TO USA. COMMENT: AGATT UNDERSTANDS LITTLE IF ANY MOLASSES EXPORTED.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OTTAWA 03132 212156Z

6. IMPORT DUTY - TARIFF SCHEDULE SHOWS RANGE FROM 50.224 CENTS PER CWT. FOR 76 DEGREE RAW SUGAR TO 71.75 CENTS PER CWT. FOR 84 PLUS DEGREE RAW SUGAR FROM MFN ORIGINS. BP ORIGINS DUTY FREE. NO RAW SUGAR IMPORTED FROM SOURCES OTHER THAN MFN OR BP. UNABLE TO GET EXPRESSION OF AVERAGE DUTY APPLIED TO MFN RAW SUGAR. ENDERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR
Control Number: n/a
Copy: SINGLE
Draft Date: 21 jun 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978OTTAWA03132
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780259-0938
Format: TEL
From: OTTAWA
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780635/aaaabelg.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d0473984-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 78 STATE 6669
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2265441
Secure: OPEN
Status: NATIVE
Subject: SUGAR DRAWBACK SYSTEM
TAGS: EAGR, ETRD, CA
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d0473984-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014